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Amendment No. 1 to SB1530

**Henry
Signature of Sponsor**

AMEND Senate Bill No. 1530*

House Bill No. 1467

by deleting Section 1 of the printed bill in its entirety and by substituting instead the following language:

SECTION 1. Tennessee Code Annotated, Section 9-4-602, is amended by adding the following as a new subsection:

(c)

(1) The state funding board is authorized to establish policy and procedure for investment of bond proceeds (as defined below) in guaranteed investment contracts, including security requirements, if any. Prior to the adoption or promulgation by the state funding board of such policy and procedures, the entities listed in this subsection may enter into such investments to the extent otherwise authorized by law. Nothing in this subsection is intended to alter any existing authority in this chapter or in any other law otherwise providing authority for an investment entered into prior to the adoption or promulgation by the state funding board of such policy and procedures.

(2) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by the state funding board, the state school bond authority, the local development authority, state housing development agency and the state veterans' homes board, and reserves and funds maintained for debt service purposes.

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(3) A guaranteed investment contract is an authorized investment for bond proceeds if the guaranteed investment contract:

(A) Has a defined termination date no later than five and one-half (5 1/2) years from the date of issuance of the debt obligations, except for funds held in a debt service reserve fund, which shall be no later than the final maturity of the debt obligations; and

(B) Complies with standards in the policy established by the state funding board, including creditworthiness.

(4) The governing body of the entity shall, in the resolution or action authorizing the issuance of bonds, expressly authorize guaranteed investment contracts as an eligible investment.